



QUARTERLY STATEMENT

AS OF JUNE 30, 2010  
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Hospital, Medical & Dental Service or Indemnity [ ]	
	Dental Service Corporation [ ]		Vision Service Corporation [ ]		Health Maintenance Organization [ X ]	
	Other [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	03/07/1986		Commenced Business		10/15/1986	
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.priority-health.com					
Statutory Statement Contact	Kristy Lynn Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Kimberly L Thomas #	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Aloia	Craig H Bethune	Richard C Breon	Karl D Deck
Georgia R Fojtaszek	Michael P Freed	Lynn Kotecki	Rajesh Kothari #
Lynn Liddle #	Peter B Lundeen	Christina MacInnes	Edward M Millermaier
Kathleen S Ponitz	Robert W Roth	Paul Saginaw #	Thomas G Schwaderer
Timothy V Smith	Dale M Sowders	James J Stephanak	Jody D Vanderwel
Samuel Wanner #			

State of Michigan  
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Gregory A. Hawkins Treasurer / Chief Financial Officer	Kimberly L. Thomas Secretary
a. Is this an original filing? Yes [ X ] No [ ]		
b. If no,		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		
Catherine H. Sochanek, Executive Administrative Assistant 05/12/2016		

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	142,872,832		142,872,832	147,243,898
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	82,385,730	1	82,385,729	77,525,162
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0   encumbrances) .....	1,036,016	1,036,016	0	0
4.2 Properties held for the production of income (less \$ .....   encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....   encumbrances) .....			0	0
5. Cash (\$ .....39,271,210 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....117,587,303 ) .....	156,858,513		156,858,513	169,043,413
6. Contract loans (including \$ .....premium notes)			0	0
7. Derivatives .....			0	0
8. Other invested assets .....	0		0	0
9. Receivables for securities .....			0	0
10. Aggregate write-ins for invested assets .....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10) .....	383,153,091	1,036,017	382,117,074	393,812,473
12. Title plants less \$ .....charged off (for Title insurers only) .....			0	0
13. Investment income due and accrued .....	2,637,674		2,637,674	2,596,295
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection .....	21,663,082	336,380	21,326,702	14,457,046
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premiums) .....			0	0
14.3 Accrued retrospective premiums .....	658,585		658,585	800,122
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers .....			0	0
15.2 Funds held by or deposited with reinsured companies .....			0	0
15.3 Other amounts receivable under reinsurance contracts .....			0	0
16. Amounts receivable relating to uninsured plans .....			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
17.2 Net deferred tax asset .....			0	0
18. Guaranty funds receivable or on deposit .....			0	0
19. Electronic data processing equipment and software .....			0	0
20. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	14,478,511	14,478,511	0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
22. Receivables from parent, subsidiaries and affiliates .....	3,877,626		3,877,626	8,328,457
23. Health care (\$ .....5,996,519 ) and other amounts receivable .....	11,125,958	2,192,248	8,933,710	6,481,226
24. Aggregate write-ins for other than invested assets .....	2,838,523	2,838,523	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	440,433,050	20,881,679	419,551,371	426,475,619
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
27. Total (Lines 25 and 26)	440,433,050	20,881,679	419,551,371	426,475,619
DETAILS OF WRITE-INS				
1001. ....				
1002. ....				
1003. ....				
1098. Summary of remaining write-ins for Line 10 from overflow page .....	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Goodwill .....	1,950,000	1,950,000	0	0
2402. Prepaid expenses .....	888,523	888,523	0	0
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	2,838,523	2,838,523	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded)	.....96,659,953	.....9,719,449	.....106,379,402	.....100,948,729
2. Accrued medical incentive pool and bonus amounts .....	.....17,410,032		.....17,410,032	.....20,960,205
3. Unpaid claims adjustment expenses .....	.....1,759,833	.....222,354	.....1,982,187	.....1,790,725
4. Aggregate health policy reserves .....			.....0	.....0
5. Aggregate life policy reserves .....			.....0	.....0
6. Property/casualty unearned premium reserve .....			.....0	.....0
7. Aggregate health claim reserves .....			.....0	.....0
8. Premiums received in advance .....	.....14,723,152		.....14,723,152	.....20,006,430
9. General expenses due or accrued .....	.....4,822,282		.....4,822,282	.....4,867,464
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....			.....0	.....0
10.2 Net deferred tax liability.....			.....0	.....0
11. Ceded reinsurance premiums payable .....			.....0	.....0
12. Amounts withheld or retained for the account of others .....	.....156,734		.....156,734	.....156,808
13. Remittances and items not allocated .....			.....0	.....0
14. Borrowed money (including \$ ..... current) and interest thereon \$ .....1,956 (including \$ .....1,956 current) .....	.....10,001,956		.....10,001,956	.....0
15. Amounts due to parent, subsidiaries and affiliates .....	.....31,816,306		.....31,816,306	.....40,169,536
16. Derivatives.....			.....0	
17. Payable for securities .....	.....849,979		.....849,979	.....0
18. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers and \$ .....unauthorized reinsurers) .....			.....0	.....0
19. Reinsurance in unauthorized companies .....			.....0	.....0
20. Net adjustments in assets and liabilities due to foreign exchange rates .....			.....0	.....0
21. Liability for amounts held under uninsured plans .....	.....10,416,403		.....10,416,403	.....2,669,426
22. Aggregate write-ins for other liabilities (including \$ ..... current) .....	.....0	.....0	.....0	.....0
23. Total liabilities (Lines 1 to 22).....	188,616,630	.....9,941,803	.....198,558,433	.....191,569,323
24. Aggregate write-ins for special surplus funds .....	XXX	XXX	.....1,000,000	.....1,000,000
25. Common capital stock .....	XXX	XXX	.....8,524	.....8,524
26. Preferred capital stock .....	XXX	XXX		.....0
27. Gross paid in and contributed surplus .....	XXX	XXX	.....35,821,002	.....35,821,002
28. Surplus notes .....	XXX	XXX	.....30,039,572	.....33,839,572
29. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	.....0	.....0
30. Unassigned funds (surplus) .....	XXX	XXX	.....154,123,840	.....164,237,198
31. Less treasury stock, at cost:				
31.1 ..... shares common (value included in Line 25) \$ ..... ) .....	XXX	XXX		.....0
31.2 ..... shares preferred (value included in Line 26) \$ ..... ) .....	XXX	XXX		.....0
32. Total capital and surplus (Lines 24 to 30 minus Line 31) .....	XXX	XXX	.....220,992,938	.....234,906,296
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	.....419,551,371	.....426,475,619
DETAILS OF WRITE-INS				
2201. ....				
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....	.....0	.....0	.....0	.....0
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	.....0	.....0	.....0	.....0
2401. Appropriated Retained Earnings.....	XXX	XXX	.....1,000,000	.....1,000,000
2402. ....	XXX	XXX		
2403. ....	XXX	XXX		
2498. Summary of remaining write-ins for Line 24 from overflow page .....	XXX	XXX	.....0	.....0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	XXX	XXX	.....1,000,000	.....1,000,000
2901. ....	XXX	XXX		
2902. ....	XXX	XXX		
2903. ....	XXX	XXX		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	XXX	XXX	.....0	.....0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	XXX	XXX	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	2,497,340	2,173,087	4,408,636
2. Net premium income (including \$ ..... non-health premium income).....	XXX	810,054,324	648,536,386	1,323,382,746
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0	0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0	0
5. Risk revenue .....	XXX		0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	374,313	390,117	980,430
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	810,428,637	648,926,503	1,324,363,176
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		545,996,690	430,980,666	879,499,199
10. Other professional services .....		349,625	235,711	515,369
11. Outside referrals .....		19,152,863	15,500,759	33,721,176
12. Emergency room and out-of-area .....		20,481,767	17,780,892	36,306,888
13. Prescription drugs .....		140,564,857	110,637,096	230,308,382
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		15,176,061	13,149,358	23,501,688
16. Subtotal (Lines 9 to 15) .....	0	741,721,863	588,284,482	1,203,852,702
<b>Less:</b>				
17. Net reinsurance recoveries .....		130,463	46,890	356,156
18. Total hospital and medical (Lines 16 minus 17) .....	0	741,591,400	588,237,592	1,203,496,546
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 3,761,785 .....cost containment expenses.....		22,128,147	8,917,985	40,289,583
21. General administrative expenses.....		50,547,014	50,988,422	83,704,937
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	814,266,561	648,143,999	1,327,491,066
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(3,837,924)	782,504	(3,127,890)
25. Net investment income earned .....		2,052,042	5,107,021	19,243,063
26. Net realized capital gains (losses) less capital gains tax of \$.....		352,704	(1,177,053)	(1,203,120)
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	2,404,746	3,929,968	18,039,943
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ).....			0	0
29. Aggregate write-ins for other income or expenses .....	0	1,486,286	803,626	2,909,532
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	53,108	5,516,098	17,821,585
31. Federal and foreign income taxes incurred .....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	53,108	5,516,098	17,821,585
<b>DETAILS OF WRITE-INS</b>				
0601. Wellness Program Revenue.....	XXX	374,313	390,117	980,430
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	374,313	390,117	980,430
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. Management Fee Revenue.....		1,486,286	803,626	2,909,532
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	1,486,286	803,626	2,909,532

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	234,906,296	221,121,463	221,121,463
34. Net income or (loss) from Line 32.....	53,108	5,516,098	17,821,585
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(9,233,656)	89,304	(3,552,107)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(932,810)	(62,927)	(484,645)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	(3,800,000)	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....0		0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....0		0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(13,913,358)	5,542,475	13,784,833
49. Capital and surplus end of reporting period (Line 33 plus 48)	220,992,938	226,663,938	234,906,296
DETAILS OF WRITE-INS			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....0		0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	797,989,288	650,530,239	1,321,219,807
2. Net investment income.....	2,241,853	5,319,123	19,717,385
3. Miscellaneous income.....	374,314	390,117	980,430
4. Total (Lines 1 to 3).....	800,605,455	656,239,479	1,341,917,622
5. Benefit and loss related payments.....	740,763,685	598,720,594	1,214,314,015
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	63,295,620	61,989,398	119,810,992
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9).....	804,059,305	660,709,992	1,334,125,007
11. Net cash from operations (Line 4 minus Line 10).....	(3,453,850)	(4,470,513)	7,792,615
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	32,438,600	35,139,761	69,863,082
12.2 Stocks.....	0	7,508,241	7,961,125
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	5,868	14,840	18,045
12.7 Miscellaneous proceeds.....	910,940	1,216,100	190,276
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	33,355,408	43,878,942	78,032,528
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	27,780,294	49,713,095	78,747,703
13.2 Stocks.....	14,094,223	13,140,946	25,981,737
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	87,069	70,243	488,589
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	171,594	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	42,133,180	62,924,284	105,218,029
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(8,777,772)	(19,045,342)	(27,185,501)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	(3,800,000)	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds.....	10,001,956	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(6,155,234)	14,368,513	9,795,805
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	46,722	14,368,513	9,795,805
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(12,184,900)	(9,147,342)	(9,597,081)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	169,043,413	178,640,494	178,640,494
19.2 End of period (Line 18 plus Line 19.1).....	156,858,513	169,493,152	169,043,413

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year	380,816	1,577	361,332	.0	.0	.0	.0	17,907	.0	.0
2 First Quarter	413,245	1,699	368,071	185	.0	.0	.0	43,290	.0	.0
3 Second Quarter	420,709	1,515	373,859	302				45,033		
4 Third Quarter	.0									
5 Current Year	.0									
6 Current Year Member Months	2,497,340	9,107	2,225,914	1,258				261,061		
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician	2,082,452	6,754	1,650,817	1,791				423,090		
8. Non-Physician	230,495	748	182,720	198				46,829		
9. Total	2,312,947	7,502	1,833,537	1,989	.0	.0	.0	469,919	.0	.0
10. Hospital Patient Days Incurred	76,426	169	41,387	23				34,847		
11. Number of Inpatient Admissions	15,655	43	10,502	6				5,104		
12. Health Premiums Written(a)	810,835,816	2,559,487	625,584,529	178,697				182,513,103		
13. Life Premiums Direct	.0									
14. Property/Casualty Premiums Written	.0									
15. Health Premiums Earned	810,054,324	2,556,388	624,827,122	178,596				182,492,218		
16. Property/Casualty Premiums Earned	.0									
17. Amount Paid for Provision of Health Care Services	740,763,686	2,844,137	596,996,230	127,743				140,795,576		
18. Amount Incurred for Provision of Health Care Services	741,721,863	2,847,315	578,442,410	177,459				160,254,679		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....182,513,103

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]



UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	90,760,559	499,994,278	3,843,528	74,267,143	94,604,087	88,790,547
2. Medicare Supplement .....		127,742		49,716	.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	10,558,810	131,414,772	317,456	27,901,559	10,876,266	12,158,182
7. Title XIX - Medicaid .....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	101,319,369	631,536,792	4,160,984	102,218,418	105,480,353	100,948,729
10. Healthcare receivables (a) .....	6,220,740	4,597,969		7,273,525	6,220,740	6,220,740
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	18,726,234		3,353,471	14,056,561	22,079,705	20,960,205
13. Totals	113,824,863	626,938,823	7,514,455	109,001,454	121,339,318	115,688,194

(a) Excludes \$ .....0 loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization and Summary of Significant Accounting Policies

Priority Health's statutory-basis financial statements are prepared in accordance with the *Accounting Practices and Procedures Manual* published by the National Association of Insurance Commissioners.

### 2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

### 3. Business Combinations and Goodwill

No material changes from year end disclosures.

### 4. Discontinued Operations

No material changes from year end disclosures.

### 5. Investments

No material changes from year end disclosures.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

### 7. Investment Income

No material changes from year end disclosures.

### 8. Derivative Instruments

No material changes from year end disclosures.

### 9. Income Taxes

No material changes from year end disclosures.

### 10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company made capital contributions to its subsidiary, Priority Health Insurance Company, totaling \$13,750,000 in 2010.

### 11. Debt

In 2008, the Company obtained a \$10,000,000 line of credit from its parent company, Spectrum Health, which was outstanding at June 30, 2010. The line of credit requires interest be paid in installments and matures in February 2013. This line of credit bears interest at a floating rate based on one-month LIBOR plus 85 basis points (1.4% at June 30, 2010).

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

### 13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

In April 2010, the Company made a principal and interest payment on the surplus notes in the amount of \$5,830,376, decreasing the principal balance by \$3,800,000.

### 14. Contingencies

No material changes from year end disclosures.

### 15. Leases

No material changes from year end disclosures.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

## NOTES TO FINANCIAL STATEMENTS

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No material changes from year end disclosures.

### 18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

### 20. Other Items

No material changes from year end disclosures.

### 21. Events Subsequent

No material changes from year end disclosures.

### 22. Reinsurance

No material changes from year end disclosures.

### 23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

### 24. Change in Incurred Claims and Claim Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were unfavorable by \$4.6 million year-to-date, increasing the prior year-end claim reserve estimates of \$100.9 million to \$105.5 million.

### 25. Intercompany Pooling Arrangements

No material changes from year end disclosures.

### 26. Structured Settlements

No material changes from year end disclosures.

### 27. Health Care Receivables

No material changes from year end disclosures.

### 28. Participating Policies

No material changes from year end disclosures.

### 29. Premium Deficiency Reserves

No material changes from year end disclosures.

### 30. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes ☐ No ☒
- 2.2

If yes, date of change: .....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....

If yes, attach an explanation.

Yes ☐ No ☒ NA ☐
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2009
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

05/26/2008
- 6.4

By what department or departments?  
State of Michigan Office of Financial and Insurance Regulation.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes ☐ No ☒ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes ☐ No ☒
- 7.2

If yes, give full information:  
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....0

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0
13.

Amount of real estate and mortgages held in short-term investments: ..... \$ .....0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....0	\$ .....0
14.22 Preferred Stock .....	\$ .....0	\$ .....0
14.23 Common Stock .....	\$ .....32,822,112	\$ .....39,292,583
14.24 Short-Term Investments .....	\$ .....0	\$ .....0
14.25 Mortgage Loans on Real Estate .....	\$ .....0	\$ .....0
14.26 All Other .....	\$ .....0	\$ .....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....32,822,112	\$ .....39,292,583
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ....	\$ .....0	\$ .....0
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES  
PART 2 - HEALTH

1.

1

Amount

1. Operating Percentages:

1.1 A&H loss percent

92.0 %

1.2 A&H cost containment percent

0.5 %

1.3 A&H expense percent excluding cost containment expenses

8.5 %

2.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$

2.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X]

2.4 If yes, please provide the balance of funds administered as of the reporting date.

\$

## SCHEDULE S - CEDED REINSURANCE

[illegible]

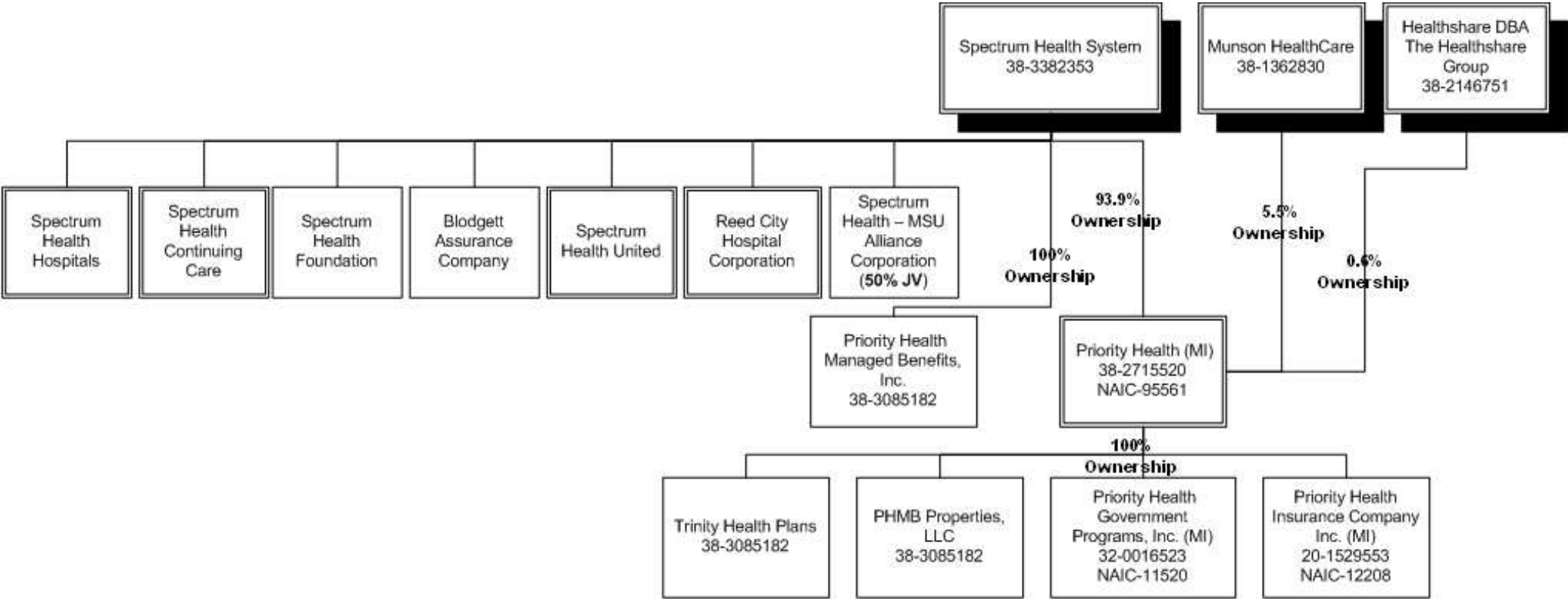


SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama .....	AL	N						.0	
2. Alaska .....	AK	N						.0	
3. Arizona .....	AZ	N						.0	
4. Arkansas .....	AR	N						.0	
5. California .....	CA	N						.0	
6. Colorado .....	CO	N						.0	
7. Connecticut .....	CT	N						.0	
8. Delaware .....	DE	N						.0	
9. Dist. Columbia .....	DC	N						.0	
10. Florida .....	FL	N						.0	
11. Georgia .....	GA	N						.0	
12. Hawaii .....	HI	N						.0	
13. Idaho .....	ID	N						.0	
14. Illinois .....	IL	N						.0	
15. Indiana .....	IN	N						.0	
16. Iowa .....	IA	N						.0	
17. Kansas .....	KS	N						.0	
18. Kentucky .....	KY	N						.0	
19. Louisiana .....	LA	N						.0	
20. Maine .....	ME	N						.0	
21. Maryland .....	MD	N						.0	
22. Massachusetts .....	MA	N						.0	
23. Michigan .....	MI	L	628,322,713	182,513,103				810,835,816	
24. Minnesota .....	MN	N						.0	
25. Mississippi .....	MS	N						.0	
26. Missouri .....	MO	N						.0	
27. Montana .....	MT	N						.0	
28. Nebraska .....	NE	N						.0	
29. Nevada .....	NV	N						.0	
30. New Hampshire .....	NH	N						.0	
31. New Jersey .....	NJ	N						.0	
32. New Mexico .....	NM	N						.0	
33. New York .....	NY	N						.0	
34. North Carolina .....	NC	N						.0	
35. North Dakota .....	ND	N						.0	
36. Ohio .....	OH	N						.0	
37. Oklahoma .....	OK	N						.0	
38. Oregon .....	OR	N						.0	
39. Pennsylvania .....	PA	N						.0	
40. Rhode Island .....	RI	N						.0	
41. South Carolina .....	SC	N						.0	
42. South Dakota .....	SD	N						.0	
43. Tennessee .....	TN	N						.0	
44. Texas .....	TX	N						.0	
45. Utah .....	UT	N						.0	
46. Vermont .....	VT	N						.0	
47. Virginia .....	VA	N						.0	
48. Washington .....	WA	N						.0	
49. West Virginia .....	WV	N						.0	
50. Wisconsin .....	WI	N						.0	
51. Wyoming .....	WY	N						.0	
52. American Samoa .....	AS	N						.0	
53. Guam .....	GU	N						.0	
54. Puerto Rico .....	PR	N						.0	
55. U.S. Virgin Islands .....	VI	N						.0	
56. Northern Mariana Islands .....	MP	N						.0	
57. Canada .....	CN	N						.0	
58. Aggregate other alien .....	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59. Subtotal .....	XXX	628,322,713	182,513,103	.0	.0	.0	.0	810,835,816	.0
60. Reporting entity contributions for Employee Benefit Plans .....	XXX							.0	
61. Total (Direct Business) .....	(a) 1	628,322,713	182,513,103	0	0	0	0	810,835,816	0
DETAILS OF WRITE-INS									
5801. ....	XXX								
5802. ....	XXX								
5803. ....	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page .....	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R ) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.  
(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.Business not written

Bar Code:

1.



95561201036500002

**OVERFLOW PAGE FOR WRITE-INS**

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SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	1,009,909	711,596
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....	87,069	488,589
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other than temporary impairment recognized .....		0
8. Deduct current year's depreciation .....	60,962	190,276
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	1,036,016	1,009,909
10. Deduct total nonadmitted amounts .....	1,036,016	1,009,909
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	224,769,060	202,938,468
2. Cost of bonds and stocks acquired .....	41,874,517	104,729,440
3. Accrual of discount .....	101,562	0
4. Unrealized valuation increase (decrease) .....	(9,233,656)	(3,552,107)
5. Total gain (loss) on disposals .....	518,430	(1,221,165)
6. Deduct consideration for bonds and stocks disposed of .....	32,438,600	77,824,207
7. Deduct amortization of premium .....	332,750	301,369
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	225,258,563	224,769,060
11. Deduct total nonadmitted amounts .....	1	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	225,258,562	224,769,060

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	246,552,402	72,008,219	74,196,920	(459,112)	246,552,402	243,904,588	.0	247,925,351
2. Class 2 (a).....	12,161,431	7,288,070	2,349,921	(544,035)	12,161,431	16,555,545	.0	16,697,597
3. Class 3 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
4. Class 4 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
5. Class 5 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	258,713,833	79,296,289	76,546,841	(1,003,147)	258,713,833	260,460,133	0	264,622,948
<b>PREFERRED STOCK</b>								
8. Class 1 .....	.0	.0	.0	.0	.0	.0	.0	.0
9. Class 2 .....	.0	.0	.0	.0	.0	.0	.0	.0
10. Class 3 .....	.0	.0	.0	.0	.0	.0	.0	.0
11. Class 4 .....	.0	.0	.0	.0	.0	.0	.0	.0
12. Class 5 .....	.0	.0	.0	.0	.0	.0	.0	.0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	258,713,833	79,296,289	76,546,841	(1,003,147)	258,713,833	260,460,133	0	264,622,948

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	117,587,303	XXX	119,218,143	2,333,982	100,020

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	117,379,051	189,590,733
2. Cost of short-term investments acquired .....	149,835,871	344,538,324
3. Accrual of discount.....	1,652	222,043
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	5,868	18,045
6. Deduct consideration received on disposals.....	147,816,147	413,920,582
7. Deduct amortization of premium.....	1,818,992	3,069,512
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	117,587,303	117,379,051
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	117,587,303	117,379,051

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE



SCHEDULE E-VERIFICATION  
(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired.....	0	1,998,000
3. Accrual of discount.....	0	2,000
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	0	2,000,000
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

## SCHEDULE A - PART 2

[illegible]

## SCHEDULE A - PART 3

[illegible]

**NONE**

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
912828-MV-9	US TREASURY N/B		04/28/2010	CITIGROUP/ELECTRONIC		501,701	500,000	1,288	1
0399999 - Total	- Bonds - U.S. Government					501,701	500,000	1,288	XXX
494656-E7-2	KING & SNOHOMISH CNTYS WA		04/29/2010	DAD		500,000	500,000	0	1FE
736688-FM-9	PORTLAND OR CMNTY COLLEGE		05/24/2010	CABRERA		517,820	500,000	10,242	1FE
2499999 - Total	- Bonds - U.S. Political Subdivisions of States, Territories and Possessions					1,017,820	1,000,000	10,242	XXX
20281P-DF-6	COMMONWLTH FING AUTH PA REV		05/04/2010	BNYMELLON		505,300	500,000	804	1FE
3128MJ-LL-2	FHLMC G08330		05/19/2010	JPM-MTGS		504,541	498,928	811	1
31418R-GS-4	FNMA #AD3808		05/28/2010	JPM-MTGS		1,015,482	995,114	1,617	1
37611C-AB-2	GNMA 2007-75 B		04/06/2010	CANTOR FITZGERALD & CO		1,003,156	940,000	1,056	1
3199999 - Total	- Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of...					3,028,479	2,934,041	4,288	XXX
02581F-YE-3	AMERICAN EXPR CENTURION		04/01/2010	BONDSDIRECT		1,069,470	1,000,000	4,000	1FE
06406H-BQ-1	BANK OF NEW YORK MELLON		06/11/2010	BRCLY/CORP		998,710	1,000,000	0	1FE
126650-BH-2	CYS CAREMARK CORP		04/16/2010	BONDSDIRECT		407,824	375,000	8,385	2FE
126650-BP-4	CYS PASS-THROUGH TRUST		06/23/2010	BRCLY/CORP		935,608	914,662	2,760	2FE
202795-HU-7	COMMONWEALTH EDISON		04/06/2010	BNYMELLON		309,607	290,000	1,121	2FE
209111-EZ-2	CONSOLIDATED ED CO NY		06/02/2010	VARIOUS		499,815	500,000	0	1FE
209615-CA-9	CONSOLIDATED NATURAL GAS		04/30/2010	VARIOUS		619,021	575,000	12,299	2FE
438516-AZ-9	HONEYWELL INTERNATIONAL		06/23/2010	STIFEL NICHOLAUS & CO, INC		1,108,980	1,000,000	18,472	1FE
478366-AR-8	JOHNSON CONTROLS INC		05/25/2010	RAYMOND JAMES		412,185	375,000	7,620	2FE
62875U-AF-2	NBC UNIVERSAL		04/27/2010	GOLDMAN SACHS		249,445	250,000	0	2FE
666807-BA-9	NORTHROP GRUMMAN CORP		06/23/2010	BONDSDIRECT		348,902	320,000	6,599	2FE
927804-FH-2	VIRGINIA ELECTRIC & POWER		06/23/2010	BANK OF AMERICA		1,085,790	1,000,000	24,722	1FE
73755L-AH-0	POTASH CORP-SASKATCHEWAN	A	06/23/2010	KEY MCDONNALD		1,048,450	1,000,000	11,917	2FE
767201-AC-0	RIO TINTO FIN USA LTD	F	05/28/2010	UBS/WRBJ		938,927	850,000	21,179	2FE
3899999 - Total	- Bonds - Industrial, Misc.					10,032,734	9,449,662	119,075	XXX
8399997 - Total	- Bonds - Part 3					14,580,735	13,883,704	134,892	XXX
8399999 - Total	- Bonds					14,580,735	13,883,704	134,892	XXX
8999999 - Total	- Preferred Stocks					0	XXX	0	XXX
693390-70-0	PIMCO FDS TOTAL RETURN - INST		06/30/2010	MELLON BANK	8,118.180	90,644		0	L
922040-10-0	VANGUARD INSTL INDEX FUND		06/28/2010	VANGUARD FUNDS	840.469	82,610		0	L
9299999 - Total	- Common Stocks - Mutual Funds					173,254	XXX	0	XXX
9799997 - Total	- Common Stocks - Part 3					173,254	XXX	0	XXX
9799999 - Total	- Common Stocks					173,254	XXX	0	XXX
9899999 - Total	- Preferred and Common Stocks					173,254	XXX	0	XXX
9999999 - Totals						14,753,988	XXX	134,892	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 .

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
										Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.							
36202V-XU-0.	GNMA #610991.		06/01/2010.	MBS PMT.		16,875	16,875	16,759	16,870	0	5	0	5	0	16,875	0	0	0	352	06/01/2034.	1.
36291E-RM-5.	GNMA #626092.		06/01/2010.	MBS PMT.		1,820	1,820	1,851	1,821	0	0	0	0	0	1,820	0	0	0	42	03/01/2034.	1.
36291S-PT-1.	GNMA #636834.		06/01/2010.	MBS PMT.		6,449	6,449	6,582	6,466	0	(16)	0	(16)	0	6,449	0	0	0	122	11/01/2034.	1.
36295N-ND-5.	GNMA #675488.		06/01/2010.	MBS PMT.		85,462	85,462	85,235	85,446	0	16	0	16	0	85,462	0	0	0	2,019	06/01/2038.	1.
362950-LK-4.	GNMA #677230.		06/01/2010.	MBS PMT.		11,855	11,855	12,053	11,893	0	(39)	0	(39)	0	11,855	0	0	0	308	08/01/2038.	1.
36295S-C8-7.	GNMA #678795.		06/01/2010.	MBS PMT.		81,078	81,078	82,458	81,401	0	(323)	0	(323)	0	81,078	0	0	0	2,009	12/01/2037.	1.
36296K-MW-9.	GNMA #693473.		06/01/2010.	MBS PMT.		17,812	17,812	17,912	17,838	0	(27)	0	(27)	0	17,812	0	0	0	420	06/01/2038.	1.
36296U-HC-7.	GNMA #701427.		06/01/2010.	MBS PMT.		11,816	11,816	11,676	11,807	0	9	0	9	0	11,816	0	0	0	233	11/01/2038.	1.
0399999 - Bonds - U.S. Governments						233,168	233,168	234,528	233,543	0	(375)	0	(375)	0	233,168	0	0	0	5,506	XXX	XXX
31283H-S9-7.	FHLMC G01444.		06/01/2010.	MBS PMT.		5,460	5,460	5,687	5,481	0	(21)	0	(21)	0	5,460	0	0	0	147	08/01/2032.	1.
31283K-4D-7.	FHLMC G11720.		06/01/2010.	MBS PMT.		71,669	71,669	74,311	71,968	0	(300)	0	(300)	0	71,669	0	0	0	1,332	08/01/2020.	1.
31287X-Z8-2.	FHLMC C70767.		06/01/2010.	MBS PMT.		2,867	2,867	2,968	2,870	0	(3)	0	(3)	0	2,867	0	0	0	72	09/01/2032.	1.
3128JW-2C-0.	FHLMC 1B2670.		05/01/2010.	MBS PMT.		4,438	4,438	4,460	4,440	0	(2)	0	(2)	0	4,438	0	0	0	63	12/01/2034.	1.
3128K6-SB-2.	FHLMC A46242.		06/01/2010.	MBS PMT.		26,088	26,088	25,081	26,005	0	83	0	83	0	26,088	0	0	0	532	07/01/2035.	1.
3128M1-C7-2.	FHLMC G11994.		06/01/2010.	MBS PMT.		17,871	17,871	17,757	17,857	0	14	0	14	0	17,871	0	0	0	402	05/01/2021.	1.
3128M1-KY-4.	FHLMC G12211.		06/01/2010.	MBS PMT.		18,780	18,780	18,331	18,733	0	46	0	46	0	18,780	0	0	0	383	06/01/2021.	1.
3128M1-NX-3.	FHLMC G12306.		06/01/2010.	MBS PMT.		13,802	13,802	13,934	13,817	0	(15)	0	(15)	0	13,802	0	0	0	357	07/01/2021.	1.
3128M4-K6-9.	FHLMC G02717.		06/01/2010.	MBS PMT.		52,929	52,929	52,300	52,833	0	96	0	96	0	52,929	0	0	0	1,167	02/01/2037.	1.
3128MJ-BP-4.	FHLMC G08045.		06/01/2010.	MBS PMT.		11,610	11,610	11,538	11,607	0	4	0	4	0	11,610	0	0	0	239	03/01/2035.	1.
3128MJ-BQ-2.	FHLMC G08046.		06/01/2010.	MBS PMT.		36,291	36,291	36,835	36,291	0	0	0	0	0	36,291	0	0	0	834	03/01/2035.	1.
3128MJ-CJ-7.	FHLMC G08072.		06/01/2010.	MBS PMT.		18,350	18,350	17,883	18,319	0	31	0	31	0	18,350	0	0	0	385	08/01/2035.	1.
3128MJ-F4-7.	FHLMC G08186.		06/01/2010.	MBS PMT.		63,872	63,872	63,254	63,809	0	64	0	64	0	63,872	0	0	0	1,415	03/01/2037.	1.
3128MM-CQ-4.	FHLMC G18078.		06/01/2010.	MBS PMT.		12,801	12,801	12,579	12,781	0	19	0	19	0	12,801	0	0	0	257	10/01/2020.	1.
3128MM-DG-5.	FHLMC G18102.		06/01/2010.	MBS PMT.		6,045	6,045	6,134	6,052	0	(7)	0	(7)	0	6,045	0	0	0	152	02/01/2021.	1.
31292H-R7-1.	FHLMC C01410.		06/01/2010.	MBS PMT.		2,610	2,610	2,692	2,616	0	(6)	0	(6)	0	2,610	0	0	0	65	10/01/2032.	1.
31292H-RZ-9.	FHLMC C01404.		06/01/2010.	MBS PMT.		2,680	2,680	2,780	2,688	0	(8)	0	(8)	0	2,680	0	0	0	77	10/01/2032.	1.
31292J-BQ-2.	FHLMC C01847.		06/01/2010.	MBS PMT.		13,676	13,676	13,505	13,667	0	8	0	8	0	13,676	0	0	0	307	06/01/2034.	1.
31292J-BR-0.	FHLMC C01848.		06/01/2010.	MBS PMT.		18,622	18,622	19,078	18,659	0	(37)	0	(37)	0	18,622	0	0	0	468	06/01/2034.	1.
31294K-YC-3.	FHLMC E01607.		06/01/2010.	MBS PMT.		12,948	12,948	13,110	12,962	0	(14)	0	(14)	0	12,948	0	0	0	270	04/01/2019.	1.
312965-TD-8.	FHLMC B13248.		06/01/2010.	MBS PMT.		32,088	32,088	32,655	32,132	0	(44)	0	(44)	0	32,088	0	0	0	726	04/01/2019.	1.
312969-ZB-8.	FHLMC B17190.		06/01/2010.	MBS PMT.		10,052	10,052	10,039	10,051	0	1	0	1	0	10,052	0	0	0	189	11/01/2019.	1.
312969-FY-9.	FHLMC B16483.		06/01/2010.	MBS PMT.		16,008	16,008	16,385	16,404	0	(32)	0	(32)	0	16,008	0	0	0	373	09/01/2019.	1.
31297C-KU-3.	FHLMC A24807.		06/01/2010.	MBS PMT.		70,450	70,450	69,514	70,399	0	51	0	51	0	70,450	0	0	0	1,403	07/01/2034.	1.
31297C-ZO-6.	FHLMC A25251.		06/01/2010.	MBS PMT.		14,826	14,826	15,329	14,864	0	(38)	0	(38)	0	14,826	0	0	0	311	08/01/2034.	1.
31297E-UN-4.	FHLMC A26889.		06/01/2010.	MBS PMT.		1,240	1,240	1,255	1,241	0	(1)	0	(1)	0	1,240	0	0	0	28	09/01/2034.	1.
31297G-FG-1.	FHLMC A28267.		06/01/2010.	MBS PMT.		57,987	57,987	58,948	58,043	0	(56)	0	(56)	0	57,987	0	0	0	1,412	11/01/2034.	1.
31297N-OE-1.	FHLMC A32253.		06/01/2010.	MBS PMT.		2,122	2,122	2,074	2,122	0	(1)	0	(1)	0	2,122	0	0	0	44	04/01/2035.	1.
31297N-TA-4.	FHLMC A33245.		06/01/2010.	MBS PMT.		9,805	9,805	9,503	9,768	0	37	0	37	0	9,805	0	0	0	184	02/01/2035.	1.
31335H-4P-5.	FHLMC C90830.		06/01/2010.	MBS PMT.		19,075	19,075	18,798	19,055	0	20	0	20	0	19,075	0	0	0	346	05/01/2024.	1.
31335H-5F-6.	FHLMC C90846.		06/01/2010.	MBS PMT.		27,631	27,631	28,252	27,683	0	(53)	0	(53)	0	27,631	0	0	0	618	08/01/2024.	1.
3133XE-5D-7.	FHLMC 0606 Y.		06/28/2010.	MBS PMT.		23,795	23,795	25,283	24,076	0	(280)	0	(280)	0	23,795	0	0	0	514	12/28/2012.	1.
31371H-D9-6.	FNMA #252228.		06/01/2010.	MBS PMT.		558	558	585	554	0	4	0	4	0	558	0	0	0	19	12/01/2028.	1.
31371K-T6-8.	FNMA #254473.		06/01/2010.	MBS PMT.		4,640	4,640	4,804	4,651	0	(11)	0	(11)	0	4,640	0	0	0	109	10/01/2017.	1.
31371K-UC-3.	FNMA #254479.		06/01/2010.	MBS PMT.		5,536	5,536	5,726	5,547	0	(10)	0	(10)	0	5,536	0	0	0	133	10/01/2032.	1.
31371K-WK-3.	FNMA #254550.		06/01/2010.	MBS PMT.		6,628	6,628	6,860	6,642	0	(13)	0	(13)	0	6,628	0	0	0	166	12/01/2032.	1.
31371L-DN-6.	FNMA #254909.		06/01/2010.	MBS PMT.		10,796	10,796	10,880	10,802	0	(7)	0	(7)	0	10,796	0	0	0	179	09/01/2013.	1.</

STATEMENT AS OF JUNE 30, 2010 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31389U-TR-0.	FNMA #636060.		06/01/2010.	MBS PMT.		9,220	9,220	9,586	9,223	0	(3)	0	(3)	0	9,220	0	0	0	216	04/01/2032.	1.
31390P-TE-7.	FNMA #652249.		05/25/2010.	MBS PMT.		16,570	16,570	16,880	16,570	0	(180)	0	(180)	0	16,570	0	0	0	345	09/01/2017.	1.
31391D-DD-2.	FNMA #663500.		06/01/2010.	MBS PMT.		1,922	1,922	1,946	1,924	0	(2)	0	(2)	0	1,922	0	0	0	45	10/01/2032.	1.
31391J-JM-3.	FNMA #668168.		06/01/2010.	MBS PMT.		245	245	252	246	0	(1)	0	(1)	0	245	0	0	0	6	11/01/2032.	1.
31391Q-S8-8.	FNMA #673843.		06/01/2010.	MBS PMT.		12,782	12,782	13,025	12,800	0	(18)	0	(18)	0	12,782	0	0	0	291	10/01/2017.	1.
31393Q-N3-2.	FHLMC 2614 KB.		06/01/2010.	MBS PMT.		77,383	77,383	80,284	78,004	0	(621)	0	(621)	0	77,383	0	0	0	1,460	01/01/2013.	1.
31393W-V9-7.	FHLMC 2641 KJ.		06/01/2010.	MBS PMT.		32,519	32,519	33,515	32,669	0	(150)	0	(150)	0	32,519	0	0	0	532	12/01/2014.	1.
31394R-TQ-2.	FHLMC 2757 AB.		06/01/2010.	MBS PMT.		43,262	43,262	44,587	43,606	0	(344)	0	(344)	0	43,262	0	0	0	871	02/01/2012.	1.
31395G-ZT-2.	FHLMC 2874 BA.		06/01/2010.	MBS PMT.		64,717	64,717	66,405	65,025	0	(308)	0	(308)	0	64,717	0	0	0	1,082	02/01/2013.	1.
31397N-E5-0.	FNMA 2009-31 A.		06/01/2010.	MBS PMT.		55,698	55,698	57,439	55,888	0	(189)	0	(189)	0	55,698	0	0	0	930	04/01/2018.	1.
31398E-3H-5.	FHLMC 3545 LA.		06/01/2010.	MBS PMT.		67,732	67,732	67,732	67,732	0	0	0	0	0	67,732	0	0	0	615	02/01/2013.	1.
31398E-AB-0.	FHLMC 3544 KA.		06/01/2010.	MBS PMT.		72,078	72,078	74,127	72,333	0	(255)	0	(255)	0	72,078	0	0	0	1,317	07/01/2016.	1.
31400C-6F-6.	FNMA #684070.		06/01/2010.	MBS PMT.		4,388	4,388	4,492	4,393	0	(6)	0	(6)	0	4,388	0	0	0	91	05/01/2018.	1.
31400W-T7-5.	FNMA #699974.		06/01/2010.	MBS PMT.		6,341	6,341	6,495	6,348	0	(8)	0	(8)	0	6,341	0	0	0	146	04/01/2033.	1.
31401B-VB-8.	FNMA #703610.		06/01/2010.	MBS PMT.		7,639	7,639	7,836	7,655	0	(16)	0	(16)	0	7,639	0	0	0	144	06/01/2018.	1.
31401W-V9-7.	FNMA #720740.		06/01/2010.	MBS PMT.		9,880	9,880	10,113	9,885	0	(5)	0	(5)	0	9,880	0	0	0	207	07/01/2033.	1.
31402Q-CF-6.	FNMA #734570.		06/01/2010.	MBS PMT.		14,954	14,954	14,826	14,937	0	17	0	17	0	14,954	0	0	0	335	08/01/2033.	1.
31402W-LY-2.	FNMA #740243.		06/01/2010.	MBS PMT.		16,161	16,161	16,393	16,168	0	(7)	0	(7)	0	16,161	0	0	0	404	10/01/2033.	1.
31403D-TR-2.	FNMA #745875.		06/01/2010.	MBS PMT.		92,409	92,409	93,224	92,511	0	(103)	0	(103)	0	92,409	0	0	0	2,156	09/01/2036.	1.
31403U-3H-2.	FNMA #758700.		06/01/2010.	MBS PMT.		13,052	13,052	12,758	13,042	0	10	0	10	0	13,052	0	0	0	218	11/01/2019.	1.
31403V-GR-4.	FNMA #759008.		06/01/2010.	MBS PMT.		11,011	11,011	10,929	11,011	0	1	0	1	0	11,011	0	0	0	268	01/01/2034.	1.
31404D-O6-6.	FNMA #765555.		06/01/2010.	MBS PMT.		1,366	1,366	1,345	1,366	0	0	0	0	0	1,366	0	0	0	28	12/01/2033.	1.
31404J-QD-0.	FNMA #770052.		06/01/2010.	MBS PMT.		9,434	9,434	9,523	9,441	0	(6)	0	(6)	0	9,434	0	0	0	177	03/01/2019.	1.
31404K-TB-8.	FNMA #771046.		06/01/2010.	MBS PMT.		10,715	10,715	10,680	10,708	0	7	0	7	0	10,715	0	0	0	201	04/01/2019.	1.
31405B-A6-8.	FNMA #784029.		06/01/2010.	MBS PMT.		50,484	50,484	50,319	50,469	0	15	0	15	0	50,484	0	0	0	926	06/01/2019.	1.
31405C-UT-4.	FNMA #785494.		06/01/2010.	MBS PMT.		39,385	39,385	39,089	39,370	0	15	0	15	0	39,385	0	0	0	837	06/01/2034.	1.
31405F-3V-2.	FNMA #788412.		06/01/2010.	MBS PMT.		3,685	3,685	3,634	3,683	0	2	0	2	0	3,685	0	0	0	69	07/01/2019.	1.
31405H-S6-9.	FNMA #790247.		06/01/2010.	MBS PMT.		24,073	24,073	23,531	24,026	0	46	0	46	0	24,073	0	0	0	515	08/01/2034.	1.
31405M-MA-2.	FNMA #793353.		06/01/2010.	MBS PMT.		31,113	31,113	32,046	31,187	0	(74)	0	(74)	0	31,113	0	0	0	772	08/01/2034.	1.
31405N-S8-9.	FNMA #794443.		06/01/2010.	MBS PMT.		36,879	36,879	37,311	36,899	0	(20)	0	(20)	0	36,879	0	0	0	837	10/01/2034.	1.
31405P-QQ-6.	FNMA #795263.		06/01/2010.	MBS PMT.		14,260	14,260	14,519	14,280	0	(20)	0	(20)	0	14,260	0	0	0	313	09/01/2019.	1.
31406B-EU-0.	FNMA #804847.		06/01/2010.	MBS PMT.		12,507	12,507	12,063	12,485	0	22	0	22	0	12,507	0	0	0	235	01/01/2035.	1.
31406F-TS-0.	FNMA #808861.		06/01/2010.	MBS PMT.		25,066	25,066	25,457	25,085	0	(18)	0	(18)	0	25,066	0	0	0	582	01/01/2035.	1.
31406K-E9-7.	FNMA #812060.		06/01/2010.	MBS PMT.		74,455	74,455	74,117	74,419	0	36	0	36	0	74,455	0	0	0	1,572	03/01/2035.	1.
31406T-JR-3.	FNMA #819372.		06/01/2010.	MBS PMT.		27,287	27,287	27,144	27,268	0	19	0	19	0	27,287	0	0	0	530	03/01/2020.	1.
31407B-U6-4.	FNMA #826005.		06/01/2010.	MBS PMT.		32,295	32,295	31,179	32,230	0	65	0	65	0	32,295	0	0	0	716	07/01/2035.	1.
31407Y-ES-4.	FNMA #844445.		06/01/2010.	MBS PMT.		85,690	85,690	82,490	85,389	0	301	0	301	0	85,690	0	0	0	2,083	12/01/2035.	1.
31407Y-R6-8.	FNMA #844809.		06/01/2010.	MBS PMT.		34,329	34,329	33,428	34,247	0	82	0	82	0	34,329	0	0	0	738	11/01/2035.	1.
31408A-EN-6.	FNMA #845341.		06/01/2010.	MBS PMT.		52,544	52,544	52,314	52,521	0	23	0	23	0	52,544	0	0	0	1,271	01/01/2036.	1.
31408B-2X-5.	FNMA #846890.		06/01/2010.	MBS PMT.		48,782	48,782	48,157	48,731	0	51	0	51	0	48,782	0	0	0	1,162	12/01/2035.	1.
31408D-UQ-5.	FNMA #848491.		06/01/2010.	MBS PMT.		92,889	92,889	91,089	92,702	0	187	0	187	0	92,889	0	0	0	2,307	12/01/2035.	1.
31409E-LS-8.	FNMA #868937.		06/01/2010.	MBS PMT.		58,971	58,971	59,690	59,069	0	(98)	0	(98)	0	58,971	0	0	0	1,336	05/01/2036.	1.
31410K-BK-9.	FNMA #889342.		06/01/2010.	MBS PMT.		55,142	55,142	55,246	55,154	0	(11)	0	(11)	0	55,142	0	0	0	1,216	03/01/2023.	1.
31410K-JY-1.	FNMA #889579.		06/01/2010.	MBS PMT.		135,946	135,946	138,622	136,121	0	(175)	0	(175)	0	135,946	0	0	0	3,354	05/01/2038.	1.
31410U-SZ-6.	FNMA #897936.		06/01/2010.	MBS PMT.		61,924	61,924	62,078	61,938	0	(14)	0	(14)	0	61,924	0	0	0	1,483	08/01/2021.	1.
31410V-DU-1.	FNMA #898415.		06/01/2010.	MBS PMT.		60,210	60,210														

## SCHEDULE D - PART 4

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
46625Y-DB-6...	JPMCC 2004-CBX A3		06/01/2010	MBS PMT		19,013	19,013	18,734	19,013	0	0	0	0	0	19,013	0	0	0	332	08/01/2010	1FE
494368-AX-1...	KIMBERLY-CLARK CORP		06/23/2010	SIG		550,860	500,000	523,075	520,328	0	(2,601)	0	(2,601)	0	517,728	0	33,132	33,132	21,736	08/15/2013	1FE
539830-AD-1...	LOCKHEED MARTIN CORP		05/04/2010	BONDS/DIRECT		433,570	350,000	431,953	427,033	0	(453)	0	(453)	0	426,580	0	6,990	6,990	12,950	05/01/2036	1FE
594918-AC-8...	MICROSOFT CORP		06/01/2010	VARIOUS		262,575	250,000	249,875	249,885	0	4	0	4	0	249,889	0	12,686	12,686	5,308	06/01/2019	1FE
666807-AT-9...	NORTHROP GRUMMAN CORP		06/23/2010	HSBC		259,253	250,000	288,763	256,918	0	(2,991)	0	(2,991)	0	253,927	0	5,325	5,325	15,487	02/15/2011	2FE
88579E-AE-5...	3M COMPANY		04/05/2010	BNP		1,071,480	1,000,000	1,058,710	1,049,836	0	(3,532)	0	(3,532)	0	1,046,304	0	25,176	25,176	28,316	08/15/2013	1FE
91159H-GT-1...	US BANCORP		06/23/2010	US BANK		506,395	500,000	497,645	497,695	0	217	0	217	0	497,912	0	8,483	8,483	8,705	11/20/2014	1FE
	VIRGINIA ELECTRIC & POWER		06/23/2010	WELLS CORP		536,170	500,000	510,150	508,518	0	(1,251)	0	(1,251)	0	507,267	0	28,903	28,903	19,594	03/01/2013	1FE
927804-EU-4...	WAL-MART STORES INC		05/28/2010	JP MORGAN		841,568	750,000	808,898	803,007	0	(2,660)	0	(2,660)	0	800,347	0	41,221	41,221	26,651	04/05/2017	1FE
931142-CG-6...	BHP FINANCE USA	R	06/10/2010	KNIGHT SECURITIES LP		837,375	750,000	837,900	826,753	0	(1,374)	0	(1,374)	0	825,380	0	11,995	11,995	37,985	03/01/2026	1FE
055450-AH-3...	BP CAPITAL MARKETS PLC	F	04/29/2010	CITIGROUP/ELECTRONIC		1,102,510	1,000,000	1,028,620	1,023,117	0	(1,887)	0	(1,887)	0	1,021,231	0	81,279	81,279	25,813	11/07/2013	1FE
055650-BF-4...	Bonds - Industrial and Miscellaneous					9,968,428		9,187,593	9,715,750	0	(25,237)	0	(25,237)	0	9,609,678	0	358,750	358,750	304,219	XXX	XXX
8399997 - Bonds - Part 4						14,173,876		13,393,042	13,936,955	0	(28,048)	0	(28,048)	0	13,815,127	0	358,750	358,750	397,106	XXX	XXX
8399999 - Total - Bonds						14,173,876		13,393,042	13,936,955	0	(28,048)	0	(28,048)	0	13,815,127	0	358,750	358,750	397,106	XXX	XXX
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX

## E05.2

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE



## SCHEDULE E - PART 1 - CASH

E09

Schedule E - Part 2 - Cash Equivalents

NONE